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## Germany

### Agricultural Situation

### Future of Promotion Programs and Market Reporting for Ag-Commodities

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**Report Highlights:**

The German national Market Promotion Agency for Agriculture CMA and the Market and Price Reporting Agency ZMP will be liquidated soon. A successor organization for CMA is not yet in sight. The industry requests that the government increases its efforts for export promotion. For the price reporting and market analysis function a private successor organization has been founded on Feb. 26. This organization by the name AMI is expected to begin its operation with 25-30 people compared to 140 who used to work for ZMP. It will have to establish itself as an unbiased market information source, given its agricultural ownership.

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## The Future of CMA and ZMP?

The German Government has decided to shut down the Central Marketing Agency for Agriculture (CMA) and the Market and Price Reporting Board (ZMP) as a result of the Constitutional Court decision of February 3. This decision declares the check-off system for agricultural commodities illegal (see GAIN GM9006). However, how soon these two organizations will stop their activities or if all the activities will continue under different funding mechanisms is not yet clear.

Even though there were parts of the German agriculture that disagreed with the funding of CMA and ZMP, few expected that the Constitutional Court would go so far as to completely dissolve the system. Most industry insiders expected that the Court would only require certain changes in the check-off system, which would have resulted in the continued operation of CMA and ZMP.

A successor organization for CMA has not yet been identified. For ZMP, at least a portion of its market reporting and analysis functions will be taken over by a small, privately-financed organization.

**CMA:** For about 40 years, CMA has operated as the national market promotion organization for agricultural commodities in Germany, except for wine, fish and wood products which are run under separate programs. CMA has been active on the national and international markets performing generic marketing and supporting German companies at international trade shows. While some groups in the German agricultural community were unhappy with the perceived ineffectiveness of CMA on the domestic market, most groups welcomed CMA's activities in international market promotion.

Since the Constitutional Court's ruling, several agricultural industry organizations have expressed apprehension that, without CMA, their international marketing activities will suffer. As a result, individual product associations have approached the Federal Ministry of Agriculture (BMELV) to step in for CMA in international marketing activities. So far BMELV is holding back with any commitments. BMELV has asked that the industry present their strategies for future activities in international markets. For the next two years BMELV had planned cooperative activities with CMA, particularly at Asian market trade shows. Since the industry is now saving the contributions to the check-off program BMELV is requesting that the industry develop alternative export support programs. Public comments from BMELV indicate that the ministry does not have the intent to reestablish a CMA-like organization.

**ZMP:** ZMP has been performing agricultural market analysis and price reporting for almost 60 years for basically all agricultural commodities in Germany. In the past, the operational cost of ZMP was only marginally covered by its own receipts which were generated from hardcopy and internet subscriptions to its products. The predominant financing tool of ZMP has been the check-off program. Without direct government financial aid, a successor organization for market reporting will have to generate substantially greater income from the marketing of its products.

On February 26, the German Farmers' Association (DBV) announced the founding of a successor organization for ZMP, called Agrarmarkt Informations-GmbH (AMI – Agricultural Market Information Company). The founders of this organization are the DBV, the Farm Cooperatives Organization (DRV), the German Agricultural Society (DLG), the Association of Chambers of Agriculture (VLK) and two agricultural publishing houses. Other organizations expressed their interest in joining the group. As a starting point, the AMI founders stated that it will start with a staff of 25 to 30 people. The reporting focus of AMI has not yet been

made public. ZMP used to operate with the 140 people. It is likely that AMI will have to sell its products at higher prices than ZMP or rely upon substantial subsidies from its supporting organizations. It has not yet been defined when AMI will start its operation.

**COMMENT**

It is unclear what direction Germany's international agricultural marketing efforts will take. After lamenting about CMA for many years that it was not giving sufficient attention to individual product or commodity groups, it appears that at least some in the German agricultural industry now realize that CMA has been serving a very helpful function, particularly at international trade shows by providing an identifiable national pavilion. Under the umbrella of CMA, many small and mid-sized companies had the opportunity to show their products and services. These companies were normally not in the position to attend these trade shows on their own. In addition to the product presentation, CMA also assisted the German export industry in organizing seminars around the shows. Aside from trade shows, CMA offices in Germany's main export markets (including the United States) organized special German product weeks representing groups of small and mid-sized companies. Having said this, there are already other sections of German agriculture which argue that they can carry out better and more targeted generic market promotion, both domestically and internationally. These groups do not want a single organization such as CMA in the future.

It needs to be carefully observed whether a privately organized and financed company will be in the position to provide unbiased market and price reports and analysis. Over the many years of existence, ZMP had the opportunity to build an excellent detailed and far reaching data base for almost all agricultural commodities. Data had been available for hard copy and electronic subscribers at relatively low cost. The market will determine whether AMI will be in the position to perform a similar unbiased and successful function as ZMP and whether subscribers will be willing to pay the higher price. However, individual agricultural product groups such as sugar are already operating on a private basis reporting about their particular market. Other commercial data providers have expressed their pleasure that competition from ZMP will no longer exist. These commercial providers might be in the position to better market their sector reports. However, given the commercial interest involved both on the part of the new AMI and longer established commercial data sources, it will be important to establish the "new" data as unbiased for the market.